

FAMILY PROMISE, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2015

FAMILY PROMISE, INC.

DECEMBER 31, 2015

CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1-2
<u>Financial Statements</u>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Schedule Capital Campaign Income and Costs	7
Notes to Financial Statements	8-14
Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements performed in accordance with Government Auditing Standards	15-16

Independent Auditors' Report

**To the Board of Trustees of
Family Promise, Inc.
Summit, New Jersey**

Report on the Financial Statements

We have audited the accompanying financial statement of Family Promise, Inc., which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses and cash flows, and Schedule of Capital Campaign Income and costs for the year ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Promise, Inc. as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2016 on our consideration of Family Promise, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Family Promise, Inc.'s internal control over financial reporting and compliance.



Simontacchi, Miller & DeAngelis, PA

Rockaway, NJ

March 17, 2016

FAMILY PROMISE, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015

ASSETS

2015

Assets:

Cash and Equivalents - Operating Bank Accounts \$456,832

Capital Campaign:

 Money Market Fund 39,773

 Investments 886,076

Prepaid Expenses 7,577

Total Current Assets 1,390,258

Property and Equipment:

Office Equipment and Furniture, Summit, NJ 315,062

 Web-Site 45,140

Office Equipment and Furniture, Union County, NJ 40,227

Transportation Equipment 34,292

 Total 434,721

Less: Accumulated Depreciation 338,090

Total Property and Equipment 96,631

Pre-paid Rent/Leasehold Improvements, Summit, NJ

 Less: Accumulated Amortization \$550,125 148,505

Pre-paid Rent/Leasehold Improvements, Union County, NJ

 Less: Accumulated Amortization \$21,168 31,750

 Security Deposit 900

Total Assets \$1,668,044

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable and Accrued Expenses \$ 23,349

Net Assets

Unrestricted 1,027,656

Temporarily Restricted 617,039

Total Net Assets 1,644,695

Total Liabilities and Net Assets \$1,668,044

See Accompanying Notes to Financial Statements

FAMILY PROMISE, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

<u>Changes in Net Assets</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support - Operations			
Individuals	\$ 275,792	\$ -	\$ 275,792
Congregations	51,433	-	51,433
Interest, Dividend and realized Capital	-	-	-
Loss Income	(419)	-	(419)
Foundations	147,125	116,300	263,425
Corporations	155,810	35,000	190,810
Civic Organizations	4,216	-	4,216
Fund Raising Events	398,903	7,500	406,403
Government	68,030	-	68,030
Sales, Networks and Other Income	433,255	-	433,255
Transfer Endowment	(40,000)	-	(40,000)
Net Assets released from Restriction	141,419	(141,419)	-
Total Support	<u>1,635,564</u>	<u>17,381</u>	<u>1,652,945</u>
Expenses:			
Program Services	1,430,557	-	1,430,557
Management and General	117,813	-	117,813
Fund Raising	<u>134,640</u>	<u>-</u>	<u>134,640</u>
Total Expenses	<u>1,683,010</u>	<u>-</u>	<u>1,683,010</u>
Increase (Decrease) in Net Assets - Operations	<u>(47,446)</u>	<u>17,381</u>	<u>(30,065)</u>
Depreciation and Amortization	33,904	-	33,904
Amortization of Rent Expense	<u>49,396</u>	-	<u>49,396</u>
Total Depreciation and Amortization	<u>(83,300)</u>	-	<u>(83,300)</u>
Increase (Decrease) in Net Assets - Capital Campaign	<u>36,555</u>	<u>(39,062)</u>	<u>(2,507)</u>
Total Increase (Decrease) in Net Assets	(94,191)	(21,681)	(115,872)
Net Assets - Beginning of Year	<u>1,121,847</u>	<u>638,720</u>	<u>1,760,567</u>
Net Assets - End of Year	<u>\$ 1,027,656</u>	<u>\$ 617,039</u>	<u>\$ 1,644,695</u>

See Accompanying Notes to Financial Statements

FAMILY PROMISE, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

		<u>Supporting Services</u>		
	<u>Program Services</u>	<u>7% Management and General</u>	<u>8% Fund Raising</u>	<u>Total</u>
Compensation and Related Expenses				
Compensation	\$ 761,598	\$ 62,720	\$ 71,680	\$ 895,998
Payroll Taxes & Employee Benefits	<u>109,847</u>	<u>9,046</u>	<u>10,339</u>	<u>129,232</u>
Total Compensation and Related Expenses	<u>871,445</u>	<u>71,766</u>	<u>82,019</u>	<u>1,025,230</u>
Other Expenses				
Facility Rental and Meals	42,742	3,520	4,023	50,285
Printing and Photocopying	28,767	2,369	2,707	33,843
Office Supplies and Expense	57,710	4,753	5,432	67,895
Postage	20,838	1,716	1,961	24,515
Dues and Subscriptions	7,853	647	739	9,239
Utilities	24,796	2,042	2,334	29,172
Travel Expenses	93,631	7,712	8,813	110,156
Insurance	21,009	1,730	1,977	24,716
Telephone	8,956	738	843	10,537
Professional Fees and Consultants	118,235	9,737	11,128	139,100
Rent (Net)	14,602	1,202	1,374	17,178
Interns and Regional Representatives	53,074	4,371	4,995	62,440
Manuals and Merchandise	11,585	954	1,090	13,629
Van Maintenance	5,052	416	476	5,944
Rental Assistance	23,679	1,951	2,228	27,858
Emergency Fund For Families	14,656	1,207	1,379	17,242
Childcare and Daycenter	<u>11,927</u>	<u>982</u>	<u>1,122</u>	<u>14,031</u>
	<u>559,112</u>	<u>46,047</u>	<u>52,621</u>	<u>657,780</u>
Total Other Expenses				
	<u>\$1,430,557</u>	<u>\$ 117,813</u>	<u>\$ 134,640</u>	<u>\$1,683,010</u>
Total Expenses				

See Accompanying Notes to Financial Statements

FAMILY PROMISE, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015

Cash Flows from Operating Activities:

Decrease in Net Assets	\$(115,872)
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	83,300
Unrealized Loss on Investments	39,062
(Decrease) in Accounts Payable	(3,039)
(Decrease) in Prepaid Expenses	<u>2,961</u>
Net Cash Provided by Operating Activities	<u>6,412</u>

Cash Flows from Investing Activities:

Purchase of Office Equipment	(6,200)
Purchase New Web Site	(31,609)
Increase in Investments	<u>(36,555)</u>
Net Cash Used by Investing Activities	<u>(74,364)</u>

Net Increase in Cash (67,952)

Cash - Beginning of Year 524,784

Cash - End of Year \$ 456,832

Cash Paid for Income Taxes \$ - 0 -

Cash Paid for Interest \$ - 0 -

FAMILY PROMISE, INC.

SCHEDULE CAPITAL CAMPAIGN INCOME AND COSTS

YEAR ENDED DECEMBER 31, 2015

<u>Changes in Net Assets</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Other Income			
Network Development			
Individuals	\$ -	\$ -	\$ -
Interest, Dividend and realized Capital Gains Income	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>
Endowment			
Individuals	-	-	-
Foundations	-	-	-
Sale of Securities Loss/Realized	(36,567)	-	(36,567)
Interest and Dividends	42,351	-	42,351
Unrealized Investment Loss	-	(39,062)	(39,062)
Funds Received from Operating	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Subtotal	<u>45,784</u>	<u>(39,062)</u>	<u>6,722</u>
Total Support and Other Income, less Unrealized Loss on Investments			
	<u>45,784</u>	<u>(39,062)</u>	<u>6,722</u>
Expenses and Funds Transfer			
Dues and Fees Endowment	<u>9,229</u>	<u>-</u>	<u>9,229</u>
Total	<u>9,229</u>	<u>-</u>	<u>9,229</u>
Increase (Decrease) in Net Assets - Capital Campaign			
	<u>\$ 36,555</u>	<u>\$ (39,062)</u>	<u>\$ (2,507)</u>

See Accompanying Notes to Financial Statements

FAMILY PROMISE, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

Note 1: Nature of Activities and Summary of Significant Accounting Policies

a. Nature of Activities

Family Promise, Inc., (formerly known as The National Interfaith Hospitality Networks, Inc.) is a non-profit, non-denominational, volunteer-based organization that mobilizes communities to help homeless and low-income families achieve sustainable independence through the creation of local network programs. The Organization is supported primarily through donor contributions and grants.

b. Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Certain grants cover several years with payments made each year. The payments are recognized each year as received to have a proper matching of support and expenditures.

c. Contributed Services

During the year ended December 31, 2015, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization.

d. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e. Property and Equipment

Donations of property and equipment are recorded as support at their estimated Fair Value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in services as instructed by the donor.

FAMILY PROMISE, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

Note 1: Nature of Activities and Summary of Significant Accounting Policies (cont'd)

e. Property and Equipment (cont'd)

The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Furniture and equipment is depreciated using the straight-line method. The estimated useful lives are from 5 to 7 years.

Repairs and maintenance which do not extend the useful life of the related assets are expensed as incurred. Depreciation expense for the year ended December 31, 2015 amounted to \$33,904.

f. Leasehold Improvements

In 1999 and 2000, the Organization paid a total of \$698,630 for renovations to the building in downtown Summit, New Jersey. The renovations were in lieu of rent for a period of 20 years. The improvements through the year ended December 31, 2003 had been depreciated over 30 years. The balance was \$605,573 at December 31, 2003. This balance will be amortized over 16 years, the remaining period of the lease, at \$37,848, per year (see Note 3).

g. Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards, Financial Statements of Not-for-Profit Organizations. Under this statement, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

h. Contributions

The Organization has elected to adopt Statement of Financial Accounting Standards, Accounting for Contributions Received and Contributions Made. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

FAMILY PROMISE, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

Note 1: Nature of Activities and Summary of Significant Accounting Policies (cont'd)

i. Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is subject to audit by Government Agencies. The open years are 2012 - 2015.

j. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

k. Concentration of Risk

The Organization limits its credit risk by depositing funds only in financial institutions with high credit ratings. Cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. There was approximately \$207,100 in deposits, above \$250,000 in a financial institution at December 31, 2015. The organization does not anticipate non-performance by the bank. Other cash is in accounts with two national investment firms and is insured under SPIC for the full amount. Receivables may be due from State agencies or other organizations with whom the Organization has an established record of collection.

l. Investments

Investments in marketable securities are reflected at market value as of the balance sheet date. The change in market value from the prior year is reflected as realized or unrealized gains or losses on investments.

FAMILY PROMISE, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

Note 2: Restriction on Net Assets

Temporarily restricted net assets are available for subsequent years:

Source:

Foundations	\$ 116,300
Government Grant	16,500
Corporations	35,000
Fundraising 2014 Fall Fling	7,500

Capital Campaign:

Individuals - Endowment	212,214
Foundations - Endowment	197,400
Individuals - Affiliate Development	2,750
Union County	2,006
Unrealized Gain on Securities	<u>27,369</u>
Total	<u>\$617,039</u>

Included in cash and investments are capital campaign contributions

Endowment	\$925,849
-----------	-----------

These funds are temporarily restricted and will be used to develop new networks and with other organization programs as determined by the Board of Trustees.

Note 3: Leasing Arrangements

- a. During 2015, the Organization did not pay any rent on the building in downtown Summit. Under the lease agreement, the Organization was obligated to pay rent starting February, 1999, until such time as they occupy the premises. The Organization moved in to the premises during the first quarter of 2000. The Organization paid for the building renovations in lieu of rent for the next 20 years. The leasehold improvements are being amortized over the 20 years and show as Amortization/Rent in the Statement of Activities. (See Note 1 f.)

FAMILY PROMISE, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

Note 3: Leasing Arrangements (cont'd)

- b. In June 2005, the Organization leased space on the first floor of the building. The lease runs for the balance of the original 20-year lease, 15 years. The rent is at \$2,795.50, per month. A portion of the first floor is sub-leased at a rent of \$1,364 per month, which is paid to this organization. The sub-tenant reimburses the organization for utilities as per the sub-lease agreement. The gross rent for the period January 1, 2015 through December 31, 2015 was \$33,546 and the net amount after sub-lease payments was \$17,178. Future gross rentals are as follows:

<u>Year Ended December 31,</u>	<u>Gross</u>	<u>Net</u>
2016	\$ 33,546	\$ 17,178
2017	33,546	17,178
2018	33,546	17,178
2019	33,546	17,178
2020	<u>33,546</u>	<u>17,178</u>
Total	<u>\$167,730</u>	<u>\$ 85,890</u>

The Organization leased premises for its Family Promise – Union County Program in Elizabeth, New Jersey. The term of the lease is from January 1, 2013 to December 31, 2017. In consideration of the cost of the renovations made by the lessee, estimated to be \$62,500, the lessee shall occupy the leased premises at a rent of zero dollars (\$0.00) and shall have no other obligations or payments for rent during the term of the lease.

Note 4: Investments

Investments had a net unrealized loss of \$39,062 for the year ended December 31, 2015. The accumulated unrealized gain at December 31, 2015 was \$27,369.

Investments in the year ended December 31, 2015 were as follows:

<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized (Gain)</u>
\$858,707	\$886,076	\$27,369

Sales of investments in the year ended December 31, 2014 were \$412,017 with a realized loss of \$36,567.

The investment funds are in the capital campaign endowment account with a large national bank and there is an operating fund with Fidelity Investments.

FAMILY PROMISE, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

Note 5: Fair Value Measurements

The Organization's financial instruments consist primarily of cash and cash equivalents, investments, accounts payable and accrued expenses.

The carrying value of cash and cash equivalents, accounts payable and accrued expenses approximate their fair value due to the short-term nature of such instruments.

The Organization's investments are reported at fair value in the accompanying statement of financial position.

	December 31,
	<u>2015</u>
Fair Value	<u>\$886,076</u>
(Level 1)	
Quoted Prices in Active	
Markets for Identical Assets	<u>\$886,076</u>

FASB "Fair Value Measurements", establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or 3 inputs were used for the organization's investments.

Level 1 Fair Value Measurements

The fair value of equity securities is based on quoted net asset value of the shares held by the organization at year-end.

FAMILY PROMISE, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

Note 6: Retirement Plan

The Company has a 403(B) Annuity Plan with Metropolitan Life Insurance Company. An employee becomes a Participant in the Elective Deferral portion of the Plan on his/her first day of employment with the employer. The Participant is eligible for the matching and non-elective contribution after 12 months of employment (not exceeding 12 months for Safe Harbor contributions and not exceeding 24 months for other contributions). If employed more than 12 months, 100% vesting is required. The Company's contribution for the year ended December 31, 2015 was \$20,492.

Note 7 Government Grant

In 2013, The Organization received a grant of federal funds in the amount of \$33,000 under the Shelter and Support Services for Homeless Families, 2013 Program. The grant passed through the New Jersey Department of Community Affairs, Division of Housing and Community Resources. The funds were all expended on a 15 passenger van used for transportation of homeless families temporarily residing at the Organization's facility in Elizabeth, New Jersey.

The van was purchased on May 29, 2013. On each anniversary date for four years, 25% of the grant will be forgiven by the Department upon submission to the Department of a certification by the grantee that the van is being utilized for the transportation of homeless families temporarily residing at the emergency shelter. The forgiveness is \$8,250 per year. As of December 31, 2015, the \$16,500 is shown as Temporarily Restricted (see Note 2).

In 2015 the Organization received a grant of \$68,030 from the Board of Chosen Freeholders of the County of Union, New Jersey for emergency assistance to residents to avoid Homelessness and remain in their residence as a result of rental payments.

Note 7 Subsequent Events

The Organization has evaluated subsequent events through March 17, 2016 which is the date the financial statements were available to be issued, and determined that there were no additional subsequent events to recognize in these financial statements.

Report On Internal Control Over Financial Reporting TEL: (973) 664-1140
And on Compliance and Other Matters FAX: (973) 664-1145
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

To The Board of Trustees
Family Promise, Inc.
Summit, New Jersey

We have audited the financial statements of Family Promise, Inc. as of and for the year ended December 31, 2015, and have issued a report thereon dated March 17, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Family Promise, Inc is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Family Promise, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness or of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Family Promise, Inc's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Simontacchi, Miller & DeAngelis, PA

Rockaway, NJ 07866

March 17, 2016